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All for one: the future of the unions

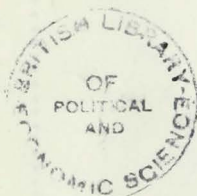


*Philip Bassett
and Alan Cave*



All for one: the future of the unions

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Introduction

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'All for one, one for all' is an old adage of trade unionism. But in the light of the decline of collective bargaining and trade union membership, do Britain's unions need to refocus themselves to deal with the new individualism?

In the way the unions work, in the way they are organised, in their role and direction, how far are Britain's unions capable of embracing the new individualism as it appears at work, among employers and employees? How far are they willing to do so? Can trade unions ever be capable of a more individualistic focus, or are they so inherently collectivist that they run the risk of becoming increasingly inappropriate to the individually-based political, social and occupational flexibility of the 1990s and beyond?

Such questions are crucial for the future of the trade unions in Britain. But even if the unions respond to them satisfactorily, it may not be enough. There is an argument that the role of the unions is past - that the historical moment of collectivism is over, made unnecessary by social improvement, and largely and repeatedly rejected by employees, as made manifest by the trade unions' continually falling membership rolls.

This is not to argue the inevitability of trade union decline. Trade unions have always been a balance between the individual and the collective. They have sought to maintain and advance the economic standing of their individual members through collective combination. Their appeal to individual members has always been based on the efficacy and performance of the collective whole on their individual behalf - all for one and one for all. But just as measurement of the unions by those performance criteria now rates them poorly, so the unions have, since the 1960s, largely got that balance wrong. They now need to rebalance themselves. Not to neuter themselves, to shift themselves into gelded oblivion - but, instead, to refocus themselves to face a changed labour market: to examine the mechanisms of the collective in the light of their performance as delivery mechanisms for the achievement of the individual, and if they fail to meet those rigorous new standards, to find new mechanisms which do.

2 The market for trade unionism

Britain's trade unions are still relatively popular. Poll evidence from Gallup, taken consistently since 1954, still shows a clear majority of people believe trade unions are a good thing. But such general public approval for unions - even if it is largely based on the public no longer being hit by the unions exerting their industrial muscle - has increasingly not been extending into the markets in which trade unions operate.

Britain's trade unions have to come to terms with a fundamental change in their markets, which have, quite simply, seen a collapse in demand for the unions' traditional core product. Like any organisations operating within a market, they need to assess and respond to changes, and to tailor their product to meet them - or see the market sweep by, leaving them stranded, and eventually causing them to fail.

Trade unions operate in two markets - employers and employees. At their most efficient, unions form the link between the two - the hinge between them which helps both to work with each other. But if they fail to relate to either one, they fail the other. Traditionally, if unions have nothing to offer employers then they have nothing to offer employees. However much they may formally oppose employers, trade unions are inextricably linked to them. Employers provide their members, very often their finances, and their prospects for growth. In return, unions provide a voice for employees which employers need to hear, a channel of communication which employers need to sustain in order to maintain and develop their business. If unions do not have such relations with employers, then they have been able to do little for employees who purchase membership from them. In parallel, unions operate in a highly competitive market for membership, offering with other often very similar unions a range of services and benefits at a particular price in the hope that an employee will find what is on offer sufficiently attractive to begin or continue to buy union membership from them, rather than from their competitor unions,

or not to buy membership at all. If unions cannot persuade employees to make that purchase then their appeal to employers in the parallel market will be less, because they can offer employers little or nothing, leading the employer to consider other communications arrangements either alongside union channels - or displacing them altogether.

What has become clear over the last decade or more is that the demand for unionism from both employees and employers has slumped.

The number of employees who were union members reached its zenith in 1979, when unions commanded 13.3m members. Since then, union numbers have fallen rapidly, to the point where the total number of trade union members in Britain is now probably around 8.5m. A decline of more than a third in a key product market would be seen as a collapse by any business, and suggestions by some unions and their uncritical supporters that this is a purely temporary phenomenon, which will alter with future changes in the business and political cycles, seem now wholly without foundation. If the political cycle has not changed since 1979, then the business cycle certainly has. The difficult fact for Britain's unions is not that they have been hit hard twice within a decade by high unemployment (true though that is), but that, even as employment rose in the mid-1980s, their membership continued to fall.

Equally, their other principal market, among employers, has receded sharply. That it was doing so in the early 1980s was clear, but denied heavily by unions. That it has now done so is undeniable. The traditional core product from unions is support for collective bargaining in order to provide collective benefits for their members. Evidence from the third Workplace Industrial Relations Survey (WIRS), an authoritative quantitative study of employee relations in Britain, is conclusive. The decline of collective bargaining it charts is "one of the most dramatic changes in the character of British industrial relations that our survey series has measured". It implies that collective bargaining covers 8.4m employees. The survey format, which excludes small workplaces with fewer than 25 employees, means that the real coverage of collective bargaining is actually even smaller. Most of the 6.6m employees excluded from the WIRS study will probably not be covered by collective bargaining, as most small workplaces tend to be non-union. Since the survey, employers, unions and analysts testify that the structural reduction in collective bargaining has continued. Even if it has done no more than maintain the rate of decline over the 1984-90 period - and the rate may well have in fact accelerated since then - a further slice of collective bargaining will have been lifted out of British employee relations. The recession has added at least 500,000 union members to the unemployment register, and probably more. So drawing all this together, collective bargaining may well now cover less than 40% of the employed workforce - by a substantial margin a minority of employees.

What is suggested by the collapse in the twin markets for trade unionism

which these figures indicate is a fundamental decline in demand for what British unions currently offer.

How to cope

As the impact of that change became clear, unions have tried to improve that demand by adopting any or all of five principal strategies.

① First, in their membership market, they have tried to increase recruitment in workplaces where they are already recognised for collective bargaining. But the government's moves against the closed shop and the sophisticated range of techniques used by most employers to deal with their workforce, together with considerable membership scepticism about what unions can actually offer, have lent this tactic only limited success.

② Secondly, they have tried to service their current membership better - partly by trying to offer current services more efficiently, and partly by trying to offer a range of services, including financial, legal and other assistance, not traditionally associated with trade unions.

③ Thirdly, they have tried to build up membership by moving into areas where they have no recognition agreements. But though most large and successful British companies are unionised - the TUC claims 47 of the top 50 British companies recognise trade unions - non-unionism is clearly a wholly viable option even for large firms, let alone the small companies where it flourishes.

④ Fourthly, they have tried to build up membership through mergers. Though this has been the most successful of trade unions' strategies, and may yet provide a model for the expansion of individual unions within a declining aggregate market (as the possible economies of scale and sheer size of a small range of super-unions have a magnetic effect on non-union employees), it is at the same time inherently self-defeating if there is no overall growth in membership: it is simply a few unions taking increasingly large slices of a dwindling membership cake.

⑤ Finally, they have tried to improve their employee market by way of their employer market, offering to employers a range of benefits or concessions in return for single-union recognition and therefore a guaranteed membership base. This approach has proved the most controversial, leading to the expulsion of the EETPU electricians from the TUC.

Continuing and forecast union membership decline suggests that none of these union attempts to inflate demand for unions has enjoyed much success. At the same time, employers have not been standing still. Some - some union activists would argue all - are clearly resistant to trade unionism, and adopt policies which have had the effect of reducing the demand for unions still further. At their most aggressive, these have included full or partial derecognition of trade unions. Academics better suited to analysis than discovery have attempted to downplay derecognition, but WIRS panel evidence suggests it is widespread. What is clear is the covert consensus between employers and

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unions to say little about it. Employers who have derecognised their unions don't want to broadcast it, for fear of prompting organising attempts from competing unions, and unions who have been kicked out of a company don't want to acknowledge the impotence it implies. For UK employers, derecognition is easy - much easier, for instance than in the USA. There it requires full-scale derecognition ballots, supervised by a statutory authority. Here, it is largely done by an employer deciding to take advantage of the termination clause normally present, though previously hardly ever used, which forms a part of most collective agreements. The employer simply writes to the union. So far, trade unions have been unable to come up with any workable response.

While derecognition is now a real operational choice for employers, most find it unnecessary, because the means of supplementing or supplanting trade unions are now so numerous and sophisticated. The full theorised apparatus of US-style human resource management is available for managers to deploy. Direct communication with individual employees is the most telling, but the range is extensive: quality circles, team briefing, cellular working, staff development, appraisals, total quality management, and employee attitude surveys are only the most prominent.

Focus on the individual

At their heart is a focus on the individual. The trend towards individualised employee relations is the most substantial and significant workplace development of the past decade. While the growth of individualism at work has not been straightforward - many Japanese-style employment practices and US-style total quality management depend on teamwork, though even there the individual focus is still apparent - its force and direction is clear. On the face of it, trade unions seem fundamentally ill-suited to respond to it. But it may be not trade unions and trade unionism which are inimical to it, but merely the product they have traditionally offered to their twin markets - collectivism, enshrined most obviously in collective bargaining. To try to win back performance in their markets, trade unions need to refocus themselves to come to terms with this new individualism; they have to find a new relationship with the individual. Unions need to try to determine what individual employees want, to examine their current products to find out whether they meet that need - and if they don't, to re-engineer themselves to provide new products which will appeal more strongly to the individual employee market. Such a re-tooling may, in addition, make the unions more attractive than they have become to the employer market; but given the process of individualisation already well under way in that market and the clear signs that employer support for trade unionism is decreasing, the primary focus for unions must be on employees.

* individualism fits well to interest based contract.

3 What do individuals want from trade unions?

What individual employees want from trade unions - why they do or do not take out trade union membership - has, inexplicably, long been a neglected area for unions in Britain. Even for the most forward-thinking of UK unions, any kind of substantive labour market analysis was only really attempted from the mid-1980s. Even then, in common with a similar electoral analysis in the Labour Party, it was held by some unions to be highly suspicious. But it is a crucial element for unions in coming to terms with the new individual approach which both their employer and employee markets require.

Now that enforced membership of the closed shop is unlawful, employees are free to make a choice about joining a union. For many union activists, officials and leaders, their commitment to that choice and to trade unionism is so strong that the idea of membership as a choice barely exists. Membership is instead fundamental: a moral imperative, simply obvious and right. Research evidence suggests that most employees do not take this view. For them, far from being overwhelmingly dominant, trade unionism is a good deal less important than many other elements of their lives: less important than their family, their homes, their pastimes, their sports, their leisure, or their consumer spending. Less important than watching the football at the weekend, or going to the pub. Trade unionism has always been a minority activity among the population as a whole; it is now a minority activity even among employees.

This gap has in the past led the unions into difficulty. It led directly, for instance, to the Conservatives' justified identification and exploitation of a leader-member gulf in the 1980s. It still leads now into two distinct types of problem within unions and their memberships - linked, but far from completely

overlapping: union problems, difficulties which impact mostly on the machinery of the union, such as legal restrictions on strike activity, and employee problems, difficulties which are of primary interest to employees in their daily lives, such as personal frictions with their immediate superiors at work. Employees mostly want unions to address, help and, if possible, resolve difficulties of the second type, and are much less interested in the first. Privately, all union leaders know this; they know, for instance, how difficult it can be to promote enthusiasm among members for campaigning action of any sort - let alone strikes - in relation to primarily union problems, while primarily employee problems can blow up at any time. Difficult though it can be for unions to manage these sometimes conflicting resource claims, trade unions should - the best do - recognise that such a distinction is both largely right, and a fundamental element of properly-operating representative democracy. Though they should be offered and indeed should take the opportunity of a say in how their unions' affairs are run, employees do not buy union membership then to be required to do all the union's work for it; they have made a purchase, and they rightly expect some goods or services in return.

Why join?

Employees largely join unions to get something from them. Research evidence suggests that people are more likely to join when they judge that the benefits outweigh any potential costs. Findings from the British Social Attitudes survey across a range of union members suggest that protection from possible problems at work is the overriding reason why people join a union, and recent evidence from a survey of public employee members of what is now Britain's biggest union, Unison, confirms that.

The key reasons given for joining a union are wholly instrumental - what the union can do for me. Just as opposition to unions on principle is low (as are all the ratings of opposition, suggesting that non-unionists are not intrinsically opposed to unions, but mostly don't have strong feelings about them) so too is principled support for unions or the idea of trade unionism. Other survey evidence does not pitch principled support as low as these findings, but it is still well behind the instrumental reasons.

But the significance of instrumentalism as a prompt for union membership is not just in the importance of unions delivering advantages to members. It lies crucially in the type of benefit identified: individual assistance and individual support on the issues of advice and representation on disciplinary matters, on grievances and on accidents at work - all of them individual concerns rather than collective problems. Straight collectivism, in terms of collective bargaining, only comes in at fourth place in this survey - and that in a union still largely buttressed by employer support and extensive, if to some extent devolved, collective bargaining. If this is an indication that individualism now outweighs collectivism in what union members want, and if individualism is the clear

direction being pursued by employers in their relations with their employees. Trade unions need to examine their supply side, to reassess what they are asking for, what they do, in order to rebalance their traditional mix of the individual and the collective, and to meet the new individual demand.

Table 1: Joining a Union

Reasons for joining a union

	% citing
Advice on discipline	72.2
Legal assistance	70.5
Advice on grievances	63.7
Pay negotiation	62.5
Fear for future	61.4
Commitment to trade unionism	26.4
Most colleagues are members	26.2
Financial benefits	18.7

Reasons for not joining a union

Labour Party support	28.4
No use for part-timers	24.9
Don't understand problems of working women	22.8
No use to me	20.7
Too expensive	19.4
On principle	19.3
Don't do enough for black people	13.3
Most colleagues not members	8.9
Could affect promotion	4.2

Source: NUPE research

Meeting individual demand

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If individual demand is principally for individual services, how far do unions meet it - and how far are they capable of meeting it? Primarily, of course, trade unions are collective: mechanisms designed to use the leverage obtained by the aggregated assent of their members to distort the labour market in their favour.

For a Conservative government firmly wedded to the concept of wholly free markets, trade unions as market distorting mechanisms were an obvious target. Classically, trade unions have always struck a balance between the individual and the collective. In the 1960s and 1970s, the primacy of the collective in trade unions was asserted against the background of tight labour markets and a public policy regime largely sympathetic to trade unionism, even if the public was at the same time often its victim.

But in the 1980s, under a Prime Minister who was able to say in October 1987 that "there's no such thing as society", a change in the broad consensus of opinion away from a wide range of collectivist approaches towards individually-centred policies saw the trade unions look increasingly anachronistic - out of touch with changed social complexions. In a new age of self-help, the primarily collective products offered by trade unions found fewer and fewer purchasers.

Economists suggest that unions offer three types of services for their members. Collective services, such as collective bargaining, are the most prominent. Grievance and disciplinary concerns, though primarily matters for an individual at work, are classified as semi-collective on the grounds that, although the representation involved is wholly individually-based, it is based on a standard, collective approach and operates individually through an employer mechanism which is usually collectively-determined. Straightforward individual services include personal benefits covering such issues as death or disability.

But the still largely unchanged core product of trade unions remains support for collective bargaining; and with that in decline, until and unless unions find supplementary or replacement products, their own market impact will continue to decline accordingly.

Processing collective bargaining

Administrative support for collective bargaining, including full-time national and local negotiators led by a general secretary for the largest deals, and centralised and principally bargaining-oriented research departments, is of course attractive to trade unions. Primarily, it is relatively inexpensive, if hardly cheap - trade unions' main expenditure is on the salaries of their full-time staff, who are in the main engaged in some aspect of collective bargaining work. But it is more inexpensive to service than most other forms of trade union activity. It is, for instance, considerably more cost-effective, both in terms of actual income and in what existing members quite rightly want the majority of their membership purchase spent on, than recruitment. For many unions, particularly those operating in the public sector, servicing collective bargaining simply meant carrying out either one or a very small number of annual negotiations, which allowed them to be highly cost-effective - employing only a relatively small number of full-time officials, and still able to cover the ground.

But collective bargaining has its drawbacks, often acting, oddly enough, as a disincentive to employees to buy union membership. If the process generates benefits for the entire workforce regardless of individual trade union membership, any single individual can obtain those benefits without the cost of purchase: the classic free-rider problem. The 2m-plus gap - equivalent to about a quarter of the entire membership of trade unions in Britain - between the number of employees covered by collective bargaining and the number of actual trade union members demonstrates the scale of the difficulty for unions.

But the principal problem for trade unions operating in increasingly individualistic markets is that collective bargaining is inherently employer dependent. Of course, apart from self-employment, all employment is employer dependent. So traditional trade unionism is in one sense employer-dependent. But despite technological change and high levels of unemployment, employers are by definition investors in employment. Indeed, one of the most positive aspects of the new employment focus on individualism is its stress on the primacy of human capital. What employers are not, necessarily, are investors in trade unionism or collective bargaining - with the sharp and continuing decline in collective bargaining, identified above, clear testament to that. Collective bargaining has, of course, many advantages for employers. It is simple. It creates a relatively low administrative workload. By setting clear, baseline standards it removes many of the jealousies pay can produce. It makes cost control clear, and easier. By acting - if properly run - as one of the principal methods of drawing both unions and employees in to the running of the business, it can help set rules which further reduce workplace conflict.

Now what?

Increasingly, though, employers are disregarding these and other advantages, and opting instead for the individual approach. The drive for this has come from individual employers, but it is increasingly being given overt support by the government and by employers' organisations. The government's 1992 White Paper on employment, *People, Jobs and Opportunity - Unlocking the Potential of Each and Every Individual* is wholly individualistic and essentially anti-collective in its approach, while the Confederation of British Industry is equally explicit, with its employment affairs director telling a private CBI managers' conference in March 1993: "In all ventures, old and new, now may be a time for taking more of the workforce out of the bargaining net."

Any increase in the individualisation of employee relations means a reduced role for trade unions, even if that increase is not necessarily driven by such an objective. So in their support for collective bargaining, trade unions may be marketing not just a product which is not in their control but also supporting a product which may not necessarily be the most effective - or, at least, the only - mechanism of obtaining advances for their members.

In part that may be because collective bargaining may now be doing little for those buying into it. If employees join trade unions primarily for individualistic instrumental reasons, with a desire for unions to protect their jobs, as research evidence suggests, how well does the collectivist union approach do? Academic union analysts have engaged in a sometimes bitter argument about the economic outcomes of trade unions, using WIRS evidence which seems to show some connection between trade union presence and job loss in companies. Some have gone so far as to suggest a causal effect in this - a point eagerly seized upon by government ministers - but even if this idea is not substantiated, what is clear is that union presence seems to have done little to limit job shedding.

This new evidence, using previously unpublished data from the government's Labour Force Survey, confirms this, indicating that in the current recession trade union membership may have fared even worse than general employment, with union members hit roughly three times as hard as employees in general. Some sectors are worse, some better. Male union membership, for instance, is down four times as much as overall male employment, while union membership in manufacturing and among manual workers has been hit far harder than employment in these sectors overall. Continued part-time employment growth has pulled along union membership in this area, though at half the rate. Membership in already low-density areas, such as agriculture, construction and distribution has been hammered. Significantly, union membership has risen sharply in areas dominated by white-collar work where unionism has not traditionally been strong, such as banking. Both are employment areas where unions believe the likely take-up for much more service-oriented individualistic trade unionism, with a reduced collective element, is strongest.

Table 2: **Percentage change in employment and union membership 1990-92**

	Employment	Union membership
All in employment	-4.62	-13.17
Men	-7.27	-28.94
Women	-1.12	-15.59
Non-manual	-1.95	-8.09
Manual	-8.19	-24.27
Manufacturing	-9.88	-22.98
Non-manufacturing	-1.20	-4.79
Full-time	1.30	-14.46
Part-time	-10.97	2.79
All self-employed	-10.97	-13.99
Agriculture	-5.98	-16.87
Energy	-17.38	-24.47
Manufacturing	-9.88	-22.98
Construction	-19.35	-27.62
Distribution	-5.58	-20.74
Transport	-3.30	-9.58
Banking	-3.45	0.49
Other Services	3.43	-1.34

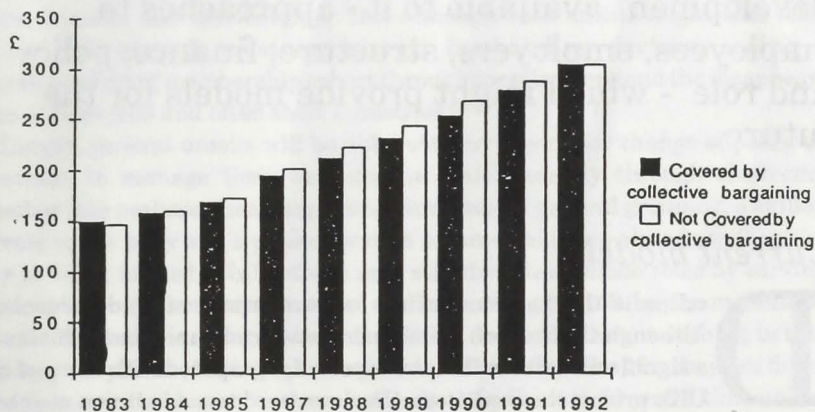
Source: Labour Force Survey

The success or otherwise of collectively-bargained pay is more difficult to measure. Economists believe that the trade union mark-up - the pay differential for unionised workers over non-union employees - which was thought to be about 9% at the start of the 1980s, came down throughout the decade, and may well now stand at only about 4%. Such a figure tends to reflect the structure of unionised workplaces - large, well-established, often with relatively good terms and conditions - and in any case clearly indicates that, if being a union member did tend to lead to higher pay, then that gap is closing. In addition, the fact of there being a differential at all, at whatever level, may itself be a spur for employers to review and perhaps move away from their traditional collective bargaining and indeed unionisation arrangements.

New evidence presented here may also show for the first time the relative pay disadvantage of collective bargaining arrangements. The government's annual New Earnings Survey is recognised as the authoritative guide to earnings throughout the UK economy. The NES includes a great deal of information on collective pay agreements, but is careful not to total the figures

up. But, using information held on government computers, an analysis of NES data suggests that the benefits of collective bargaining may now only be equal to the gains from pay rises reached in other ways.

Chart 1: Pay and Collective Bargaining



Source: New Earnings Survey

According to the previously-unpublished NES figures shown in this graph, gross pay in the economy a decade ago was roughly similar whether reached through collective bargaining or not: £148.90 collectively bargained, compared with £146 for employees not covered by collective bargaining. But the non-collective bargaining margin increased throughout the 1980s, reaching a marked gap in 1991 of £279.10 for collectively-bargained pay compared to £287.60 - a difference of £8.50 a week - for pay for employees not covered by collective bargaining. The drop back in 1992 to equal levels may reflect the time the NES sample was taken, rather than any reverse in the trend, and indeed, the whole comparison may well be influenced by the impact of sometimes largely unionised higher-paid workers such as managers - though union density among professional employees is now the highest for any occupational group.

So this does not necessarily show that collectivism has failed; merely that it is not the only, or perhaps even the best, way of providing trade union members with the instrumental improvements they would like their purchase of union membership to secure for them. Thus the case for unions rebalancing themselves, of finding ways of supporting individualistic as well as collective employee approaches to work is clear. How can unions best remodel and rebalance themselves for a world in which collective bargaining, in terms of both use and effectiveness, may be a declining mechanism ?

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Trade unions for the future

Trade unionism has a number of strands of development available to it - approaches to employees, employers, structure, finance, policy and role - which might provide models for the future.

Current model

Decline is the hallmark of the current model of trade unionism. Although trade union membership and trade unionism remains at a significant level in Britain, especially compared with many of the UK's principal competitors, the downward trend in union membership in the UK now looks structural, rather than cyclical. On the current basis of UK trade unionism, membership prospects look no better. Some union leaders are forecasting membership losses of 8% or so over the next few years, but even taking the average rate of membership decline since 1979 - roughly half such estimates - and projecting it forward indicates that British trade union membership looks set to dip below 6m by the end of the decade. Even on this projection - one which may well be a considerable underestimate of the actual decline - unions in Britain will have lost more than half their membership over 20 years.

In Britain, the Conservative government is maintaining its drive. As well as that, the government is pursuing a more general removal of support, such as the ending of the provision of public money to fund trade union ballots, and the clear reduction by the government as a direct employer of a long-standing encouragement of its own employees to join a trade union.

The unions might look to a future Labour government to reverse such public policy presumptions, as the Clinton administration has done in the USA. But even if such a step were eventually taken, the electoral timetable would make the delivery of change impossible much before the end of the century. Any future Labour government would be unlikely to make quickly any overtly pro-union moves, such as some form of statutory recognition. Its larger agenda would take precedence. In any case, few union leaders are much looking to Labour for immediate help. After four straight election defeats, there are not many unions which believe that Labour is now the way out of their plight.

Individual unions, operating in single industries - especially if they are in

compact geographical areas - are currently reasonably cost-efficient. By some measures they are even wealthy. They may be able to find market niches for themselves in which they can operate successfully for their members, and for employers. A number of unions will be able to take this route. But it offers no general model. Few existing unions would be able to engineer such a market position for themselves, even if it were compatible with their existing structures, finances and membership. But although such unions might look relatively well-placed, most are simply husbanding decline, seeing a steadily-reducing membership cohort through to retirement and the disappearance of their jobs and often their industries.

Larger, general unions will be able, without any major change of policy or direction, to manage their own decline better, mainly through clustering together into perhaps three large conglomerates - a general grouping, a skilled private sector body and a public services union - which are already well on the way to being formed, while others may still find stand-alone roles by carving out employer and employee market niches in the gaps left by the monolithic giants. But better-managed decline remains decline. There is nothing in it to assuage the private feelings of some union leaders that the jobs they are doing now, let alone their members', are unlikely to be there in 50 years' time unless there is some radical change.

Conflict model

Few unions still fundamentally - or at least openly - believe that trade unionism is inextricably bound up with industrial conflict. Strike activity has been low since the 1984-85 miners' strike seemed to place a full stop against the conflict model of industrial relations, and in particular it has fallen consistently so far throughout the 90s to the point where the the number of working days lost through strikes in 1992 was just over half a million, involving only 144,000 workers - the vast majority of those public sector employees, principally in local government. The flurry of strikes in the spring of 1993 was short-lived. Most employees, of course, have never been on strike, and research at the LSE suggests they are right not to do so: while strikes can boost annual pay rises, their length and the financial loss involved for the strikers is such that strikes are not a good investment for employees. Or for unions either: financially, for instance, unions are at their weakest during strikes, at the very moment when they are trying to exert the maximum cost pressure on employers. Trade unions know that this low level of members' strike experience, and the cost of strikes to all involved, is against the background of a generally low level of public sympathy for strikes, except in cases where the unions have learned the bitter lesson of attempting to prosecute strike action by means of public support, rather than in spite of it. While strikes remain an available mechanism for unions, few unions now feel that that the notion of exerted strength is a growth model for the future.

Political model

The number of unions and their leaders who remain wedded to the idea that trade unions are some kind of fifth estate of the realm, a crucial arm of the body politic, is now small. Trade unions are not political parties, or even political. Their role in government has been all-but completely stripped away from them by the Conservatives, and is in sharp decline in the Labour Party. For the Conservative government, they are both an ally of Labour and a market-rigging special interest group - rejectable on both counts. For Labour, they are a publicly-perceived electoral disadvantage, and a tangible encapsulation of precisely those aspects of Labour's past which some of the party's most ardent modernisers believe Labour has to be seen to distance itself from if the party is to have any chance of winning in the future.

Labour's leadership now knows (although it has yet overtly to say) that it is in a buyer's market in its relations with the trade unions. The unions may well threaten to pull their money away from Labour, but the reality - backed by Labour's decreasing financial dependence on the unions - is that, if they did, where else would they take it? Which other political party would want it?

Regardless of the impact the unions have on Labour, politics clearly makes many union members uneasy. While the unions were successful in the mid-1980s in maintaining their political funds, most unions - with honourable exceptions - did so by markedly downplaying their links with Labour. The forthcoming round of union re-ballots on their political funds is likely to see most again retaining them - though some union leaders privately accept there may be some casualties this time. Even influential union leaders in the Labour Party were careful during factory visits in the 1992 election to campaign on industrial and employment grounds, rather than promoting a party political view. Significantly, the survey of public employee members of Unison (Table 2 above) shows that, even among members of a highly Labour-loyal union, trade union support for Labour is the single-largest deterrent for employees considering union membership. It is likely that the drop in the unions' Gallup approval rating, from 53% in 1991 to 36% in 1992 (their lowest rating since the miners' strike in 1984) is connected with the renewed public perception that the unions wield too much power in the Labour Party. This view, which was crucial in requiring that Labour and the unions re-examine and alter their links, was prompted by the unions' public and prominent role in dispatching Neil Kinnock immediately the election was over, and at the same time effectively appointing John Smith as Labour's leader in advance of the charade of his selection under a system which they dominated. Public worry about the sight of trade union leaders sitting in television studios discussing who they will have as the next leader of the Labour Party is unlikely to have disappeared by the time of the next election.

Pressure group model

The political eviction of trade unions from Whitehall since 1979 has largely robbed them of any successful pressure group or lobbying role. With the scrapping of the tripartite National Economic Development Council, all that is left in Britain of union-involved corporatism is their involvement in bodies such as ACAS, the Equal Opportunities Commission and the Commission for Racial Equality, though all are themselves in many ways sidelined.

The unions still claim to be the largest voluntary organisations in the country, and officials still see ministers and senior civil servants, but the contacts are either largely informal, or carry little operational weight. In part because their overall organisation as public affairs lobbyists is so poor - compared to unions in the USA, let alone in the rest of Europe, their lobbying impact is partisan and because of that highly limited - their effectiveness as a single-issue pressure group, advocating employees' interests, is now probably less than other bodies, many of them no less opposed to the government than the unions, such as Greenpeace. It is certainly considerably less than organisations such as the revitalised Confederation of British Industry, which after having been throughout much of the 1980s as far from government as was the TUC, has reoriented itself, promoted products its members and others want (most notably its authoritative quarterly industrial trends survey), and refashioned its relationship with government. Social attitude evidence suggests that, of groups traditionally seen as powerful in society, such as the City and industry, trade unions currently rate bottom in terms of influencing the government: 70% of the public believe they have little or no political influence.

In Europe, the position is better for the unions. Social partnership is the norm, rather than seen as an aberration, and belatedly - the unions' pro-Europeanism is an about-turn little more than five years old - UK unions are seizing the opportunity of a wholly different public policy atmosphere to transform themselves into reasonably adept Brussels lobbyists, building on the measures in the EC's social charter and the Maastricht Treaty's social chapter. Individual unions and the TUC have established Brussels offices, and some unions have pointedly begun to transfer lobbying resources away from what is for them the largely sterile ground of Britain towards the more fertile soil of the EC.

Private service model

Faced with a range of changes largely antagonistic to these models of trade unionism, what is left for the unions is a role as private-sector service providers: trade unions as businesses - private-sector organisations engaged in providing a range of services for people who wish to buy them. Such a straightforwardly market-based approach may be hard for some unions to stomach, but the closest parallel - and perhaps a workable model for trade unionism in the future - for all British unions, not just but certainly not least those in the public sector, may

be other private sector service providers who do a similar job to Britain's trade unions, but mostly just do it better.

Take, for instance, the private-sector service organisations providing private medical cover. Like the unions, the private medical bodies sell a range of services to a buying membership. Like the unions, the private medical bodies offer purchase of membership to anyone able to afford it. Like the unions, the private medical bodies provide a range of services for an important area of their purchasing members' lives - in the unions' case, employment, and the private medical providers' case, health. Like the unions, the private medical bodies provide benefits in their operational areas which supplement those provided by the state. And like the unions, the private medical bodies compete strongly with one another for members.

Such a parallel, and such a role, might be particularly difficult for a union such as the new public sector giant Unison to swallow, but it is far from inexact. While public sector unions might well reject such a role now, they will face pressures throughout the 1990s which could lead them towards major revaluations of their positions. Across all major industrialised countries, public sector unionisation is now the mainstay of the trade unions, buttressing union membership and union density - the proportion of employees who are union members. In Britain, the position is no different. According to WIRS evidence published in 1992, trade union density in the public sector stands at 72%, compared with 48% in private manufacturing industry and 27% in private services. The government's recent Labour Force Survey suggest the recession may have accelerated the trend, with manufacturing industry density now at 36%, while calculations by the London School of Economics put it even lower - the private sector at about 27% and the public sector at about 61%.

In spite of the impact of privatisation, public sector union members throughout the 1980s largely avoided the rapid and wholesale industrial relations change which ran through the private sector over the same period, and flowing from that, the change in attitudes and ways of operation of the principally private-sector trade unions. By such means as the creation of semi-independent government agencies, hospital trusts and opted-out schools, by market testing, by continuing privatisation, by the devolution of pay bargaining, by the introduction of performance pay and other efficiency systems, the Conservative government looks set to bring in across the public sector many of the employee relations changes which the private sector introduced in the previous decade. In the face of such changes, it is unlikely that public sector unions will be able to maintain much of the ideological 'purity' trumpeted by some in the 1980s against what they saw as the crawling employer subservience of some of the private-sector unions.

Some unions organising public sector employees almost seem to believe that they, like their members, are part of the public sector, rejecting almost as a point of moral principle the idea of their being private-sector bodies. In one

sense, of course, they are part of the public sector, in that the bulk of their income comes from there: membership subscriptions come from their members' income, which is paid for from the public purse. But the fact that the bulk of their income flow comes from the taxpayer does not place them in the public sector, providing services to the community as their members are. They are in the private sector, providing services for people to buy.

In this, they are not far from the private health care providers, or an organisation like the Automobile Association. Again, the parallels are close. Like unions, the AA provides a range of discretionary service purchases which an individual user can choose whether or not to buy. Like unions - or like unions should be - the approach, while essentially collective, is tailored closely to individual requirements. Like unions, and like private medical companies, the AA is primarily a rescue operation - its chief role, like that of the unions, is to help people in difficulty at the time of their difficulty. Fundamentally, like unions, the AA's services are insurance-based: the economics of the AA, like trade unions, are predicated on cross-subsidisation - on most members not making use of the available services at any one time, but on all members funding the general availability of services. For that to work, the AA and similar organisations need to keep increasing their memberships, so that an increasing whole funds an increasing demand.

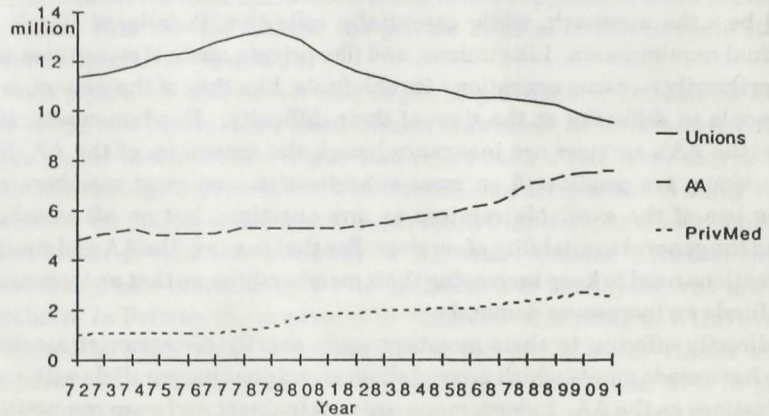
In directly offering to their members more overtly consumerist services, unions have made moves which prompt obvious and genuine parallels with such organisations as the AA. Indeed, many are now in direct and open competition with the AA, selling insurance as the AA sells insurance, for example. Many unions have drawn the parallels even closer, by moving openly into the car breakdown market, offering their members discount schemes with more minor players in the AA's still-core market.

But there is a crucial distinction between organisations such as the private medical care companies and the AA on the one hand, and the unions on the other - and not one that says that union membership at some point eventually involves collective participation. For union activists, it may; for most union members now, it doesn't. The distinction is crude, but important: such parallel private service organisations are increasingly successful at what they do, and the unions are not.

While the 1970s saw a clear increase in the number of union members, since the breakpoint of the new Conservative government in 1979 this shows a marked growth in membership for both the AA, up by 43% over the period, and for the main private medical care companies (BUPA, PPP and WPA), up by 100%. At the same time, overall union membership (bolstered by more stable non-TUC unions such as the Royal College of Nursing) was down by 26%. Clearly, as private sector service providers, the AA and the private medical companies were doing something right, while the unions as private sector service providers were equally clearly doing something substantially wrong.

Even given such differences as the economic and social complexions of their respective memberships, the policy climate of the times and other factors, the AA and private medical operators were able to sell not wholly dissimilar products to those offered by trade unions. Partly the explanation lies in marketing strategy and ability, partly in service availability and the declining quality of service alternatives in the markets in which they operate.

Chart 2: **Buying Services**



But primarily the success of the AA and organisations such as BUPA, set against the relative failures of the trade unions, lies in their achievement of tailoring collective provision more closely to individual demand. Though large - the AA is on its own a great deal larger than any single trade union in Britain has ever been or is ever likely to be - collective organisations manage to service individuals in difficulty at a level and to a standard which is clearly currently impossible for most, if not all, trade unions in Britain. Yet they are selling to the same market: many AA members, for instance, are trade union members, and the comparisons of both the quality and the quantity of service provision between the two purchases are stark, and deeply uncomfortable for the trade unions. So what can the unions do to improve what they are selling? How can they perform better in the markets for trade unionism?

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New individualism

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The key lies in individuals: Britain's trade unions need to forge a new relationship with their individual members. This does not mean that they should abandon collectivism. But it does mean that unions need to rebalance themselves to take greater account of individualism.

For some trade unionists, such a judgement of collectivism would be nothing less than an abandonment of trade unionism, the ultimate capitulation to what both the government and employers are seeking.

This view would undoubtedly maintain a form of trade union purity, especially when it is buttressed by the government as employer as it is in the public sector, where such ivory-tower purity is more likely to be found. But it would be at the expense of any real prospects of trade union stabilisation and growth, and would lock the unions inescapably into the decline which currently enfolds them. Collectivism is not in itself a root principle for trade unions, merely an operating technique which over time has to be performance measured. Accepting the individualism which employers and the government are actively promoting, and which employees increasingly want, is at worst nothing more than a pragmatic acknowledgement of a number of clear political, economic and social trends which will otherwise leave unions stranded and isolated.

This rebalancing of unions' operations will require considerable reorganisation of unions' operating structures. But it should primarily take two specific forms, both aimed at individualising the union-member relationship - a new financial relationship with individual members, and new support for individual contract bargaining.

Individual financial relationships

The root thrust of the Conservatives' successful assault against the unions lies in the union-member relationship, and unions have still not grasped the full implications of it. At a time when both the government and employers are reducing their operational support for trade unionism, and at a time when employee support for union membership is also clearly waning, trade unions



still maintain an arms' length relationship with their members. For most employees, trade union participation does not mean trade union activism. It does not mean becoming a lay official, or going to branch meetings, or even voting in union ballots. For most employees, their principal relationship with a trade union is primarily financial - a membership purchase.

But unions rely for their income largely on inertia selling - that employees will continue to buy their membership because there is no real need to change or abandon it; to do so is too much trouble. At a time of both falling membership and tough economic times, union reliance on such a casual relationship is surprising. To couple it with a system of income collection - check-off - which is outside their control is commercially reckless. Three quarters of union members pay their subscriptions by check-off - the automatic deduction of dues at source by the employer. For some unions, such as the TGWU transport and the GMB general workers, the check-off level is even higher, at about 90%. Employers provide this fundamental support for trade unions by doing their most basic work for them - generating their income. Few, if any, private-sector commercial organisations in the UK would be content to see their income generation lying outside their own hands. Yet trade unions are not only content to see this but, more than that, are content to let it rest in the hands of people to whom they are nominally opposed - employers. Such an extraordinary position would be unthinkable for virtually any other organisation: imagine the AA, for instance, relying on second-hand car dealers not only to generate their members, but to then act as the delivery mechanism for their income. Yet unions have become so financially lazy, so organisationally dependent on employers carrying out a fundamental of their own work, that they are not only unwilling to change it, but react in outrage when any threat is made against it. Check-off has so eroded the stability of the unions' base that they believe the government's latest legal requirement of a periodic re-endorsement of check-off by employees could lead to a swift drop in membership of 15-20% across the board. Some examples of check-off withdrawal have led to losses of double this.

*Phonetic
check-off*

Trade unions should abandon their reliance on check-off, and move instead to a direct individual financial relationship with their members through direct debit arrangements. Unions often claim that their members do not have bank accounts. But MORI polling suggests that almost four-fifths of trade union members are buying or own their own houses, which it is difficult to do without having a bank or building society account. 78% of union members are in the C1/C2/D/E social groups, and the market research company MINTEL estimates that 80% of bank current account holders are in these groups too. Suggestions by some unions that their members do not have bank accounts look steeped in outdated notions about employees' financial arrangements. Some unions are taking direct steps to increase the account-holding base of their membership: the IRSF tax staffs union, for instance, promotes a scheme whereby members are offered a financial inducement to open an account with a particular bank.

Such individual financial relationships strengthen unions by moving them away from employer dependence. Asked to name the strongest union in Britain, many people might suggest Unison, or the TGWU, or the GMB. But a good case can be made out for the Prison Officers' Association. Largely untouched by repeated waves of attempted reforms (similar waves of which swamped many unions in the 1980s), with its members and the union still in a significant position of influence (and even control) where it operates, with a wide coverage and deep density, and a deep reserve of industrial action strength, the POA is by virtually any measure a strong union. Yet - perhaps because - its membership is entirely direct debit, after the Home Office withdrew all check-off facilities following one dispute. The union now feels the benefit of being wholly independent from the employer for its income base. Some unions have started to try to change in advance of the move to do so which is likely to be the consequence of the government's legal move against check-off. The banking union BIFU, for instance, now has more than half its membership on direct bank debit. The AEEU engineering union now offers a discount on membership costs to employees or members who move to direct debit.

The financial benefits to unions from such moves away from employer dependence for their income are clear. But others are clear, too. Individual financial relationships with members through direct debit provide for unions a counter to Conservative charges that the unions have at best flawed relations with their members. Individual financial relationships can also help unions maintain contact with employees as they move jobs. Under check-off, when an employee leaves an employer, either to go to another job or to when they lose their job, contact with the union is very often immediately broken, since the primary contact for the union is via the employer. For a union member paying a subscription by direct debit, that contact is much more likely to be maintained as the employee carries their union membership with them, like a portable pension, into other employment, or even into unemployment. Even if the job the employee moves into happens to be non-union, direct debit allows the union to maintain contact with the employee, offering them employment servicing and starting to build up a membership base which might eventually be moved towards some form of collective representation. Without such an individual financial relationship, employees are constantly being lost as members. The membership base is both constantly eroded, and in constant need of renewal, with all the administrative expense involved in both deleting employees' memberships, and in recruiting them and administering their recruitment. A switch away from a check-off mentality, with the operational laziness it inevitably implies, to an active employee-based direct debit membership focus will increase trade union democracy, accountability, income and performance.

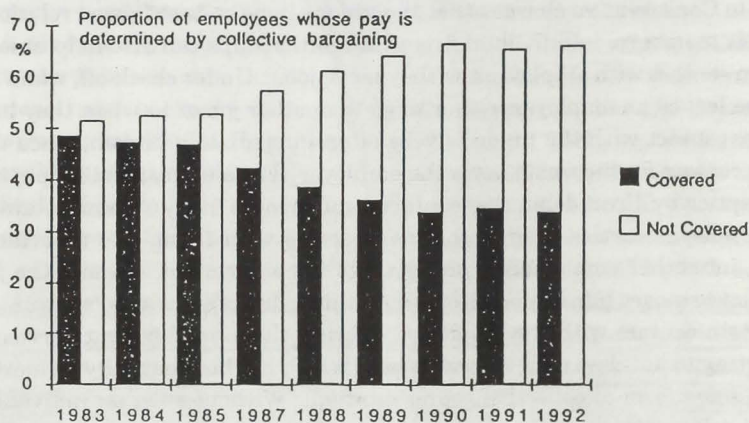
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Individual bargaining

Collective bargaining is now a minority activity for most employees. Increasingly, their pay awards are determined in other ways. The means vary - direct non-negotiated pay setting by employers, individual deals, individual performance-based pay, and many others - but the pattern is clear.

These unpublished figures from the government's annual New Earnings Survey show just that:

Chart 3: **Collective Bargaining Coverage**



Source: New Earnings Survey

But trade union support for pay setting is still largely concentrated in this minority area of employment - collective bargaining. Since the clear majority of members do not have their pay set in this way, trade unions have little to offer them. Unsurprisingly, union membership is falling.

Trade unions need to offer a new product - support for *individual* contract bargaining. Union leaders will argue that such work is highly expensive, and that unions simply cannot afford to spend their resources on such costly

servicing of employees. To accept that is to accept the inevitability of decline. If they are to survive, unions need to break out of this cycle of decline by providing the individual services which the increasingly individualistic employer and employee markets want, as cost-effectively as possible.

Individual contracts are not new. All employees already have individual contracts with their employers: in legal terms, collective bargaining is simply an agreed mechanism for changing those individual contracts, with the results of collective bargaining simply incorporated into individual contracts as changes to those contracts. What is relatively new is an increasing employer preference for direct employee-based negotiation, rather than collective bargaining, as the means of changing contract terms. Such individual contract bargaining allows employers to reward individual merit and performance more directly. It allows for greater workforce flexibility. Changes to conditions probably tend to cost less. For some employers, it has the added (or in some cases primary) benefit of reducing the traditional role of the trade unions. But there are limitations for employers in individual contract bargaining. Its dependence on individual agreement reduces employers' ability to trade off employment changes against pay. It increases the scope of maverick employees, and the number of individual grievances. Its administrative costs are higher. It can lay employers open to often-expensive equal pay claims. It reduces the positive influence of trade unions, especially unions' little-remarked but often-important workplace role of policing and damping-down grievances and difficulties at work. But, increasingly, employers are deciding that the balance of these advantages and disadvantages lies in individual contract bargaining.

This bargaining clearly is more expensive for unions than collective bargaining, but its costs can be reduced. What mostly characterises the individual contracts employers offer employees is not, oddly, their individuality, but rather their similarity. In many cases, what is individual about individual contracts is little more than the employee's name; pay levels, job titles and descriptions, hours of work, holidays and other benefits and requirements are often markedly similar. For very senior staff, individual packages can be highly personal and individualistic, closely tailored to particular circumstances. For many employees beyond this relatively small circle of staff, individual contracts often resemble each other in all but the smallest detail. Accordingly, the trade union work required to service such contracts may be less than many unions believe.

Doing the business

What happens now in an individual contract negotiation is clearly one-sided: the employer presents the current or potential employee with an individual contract, and asks for it to be signed and returned as an acceptance of the employment terms and conditions contained within it. For many actual or potential employees, such an individual contract can be a daunting document.

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But like every commercial contract, it requires agreement, and can be responded to not merely by signing it, but by offering an alternative. If the employee or potential employee either wants to retain or to obtain employment, so too does the employer want to continue or start to buy the employee's services. The actual, practical opportunities for employers simply to dispense with those services wholesale is - even at a time of high unemployment - much more limited than the employer would like the employee to believe.

Some unions have come to terms with individual contracts by negotiating collectively the move towards them, establishing a permanent pay lead, for instance, between employees on individual contracts and those remaining within collective bargaining, so that the traditional collectivist union approach still has a direct impact on individuals not covered by it - a good example of the rebalancing which unions need to do. But many employers moving towards individualisation may be unwilling to agree to such a process. Even so, unions can offer a service to employees worth buying in individual contract negotiation not by interposing themselves physically between employer and employee through collective bargaining (in effect the contracting out of the process of negotiation), but by providing the employee engaged in the individual negotiation with the alternative contract with which to respond to the employer. With most trade unions in Britain now relatively computerised, the provision of individual contracts even to large numbers of members is both simpler and cheaper than it was. Employer by employer, unions could maintain contract databases, based on a standard single or number of core contracts drawn up by the union in consultation with its lawyers. Standard word-processing and database computer software packages would allow a whole range of individual clauses to be inserted cheaply, quickly and efficiently into members' response contracts. Faced with a large number of sophisticated and physically daunting contracts in reply to the contracts offered to employees, the administrative burden on employers in contract negotiation would certainly be no less than that for the unions, and would in themselves act as a spur to contract conclusion on what would in effect be a semi-collective basis. Employers would obtain their individually-negotiated deals, employees would be well and individually served by unions providing for them a unique selling point service which employees would accordingly be much more likely to want to buy - and equally, unions would maintain and increase a membership base which would feel unions had something to offer them.

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Conclusion

For too long, Britain's trade unions have remained firmly wedded to collectivism. The collective approach should be precisely that - an approach.

Britain's employee relations are not yet in a post-collective bargaining era, but clearly that is the direction in which they are heading. Unions face the tough choice of either acknowledging that market trend, and adjusting themselves and their products accordingly, or opposing it, and seeing themselves slide inexorably down the slope of disappearance. Some unions will find that choice too hard to make; their best hope lies in managing their decline as well as they can, though such a strategy is likely to be pursued at the expense of members or employees who require better service performance than it is likely to yield. Traditional union products - support for collective bargaining in particular - will continue to have a place in what unions can offer. But unions cannot rely on employer support to underpin their survival, let alone their growth. They have few, if any, policies with which to address the employer market, and it is clear that employers are increasingly unwilling to sustain trade unionism through collective bargaining. So unions have to address themselves principally to employees - and that means addressing employees as individuals, and not as components of a collective whole.

Significantly, leaders of both the TGWU and the GMB are already taking steps to come to terms with these trends, talking of 'lifetime' trade unionism, independent of both employers and collective bargaining, in which the union's relationship is with employees as individuals, rather than employees as aggregated blocks dependent on the employer.

Individualism is the key element in modern employee relations. Its growth has been the most important employee relations characteristic over the last decade. At almost every point where it has been possible to do so, trade unions in Britain have opposed it. And at almost every point, in doing so they have been wrong. Wrong in the eyes of government, certainly; expectedly so. But wrong also in the eyes of employers, and - crucially for Britain's unions - employees too. For many employees now, big monolithic collective unions are part of their past, like big monolithic collective Labour, or big councils, or renting their homes, or living in inner city areas. Like Labour, the unions are seen as mechanisms for holding people back, for restricting individual improve-

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ment and individual achievement, rather than empowering them. For their own good, unions in Britain must move away from being associated with failure - failed employment relationships in failed industries - and must instead try to associate themselves with success: successful employees, successful employee relations, successful employers.

Just as Labour increasingly feels that, if it is ever to be elected again, it must break away from that past by blending more successfully the individual and the community, so Britain's unions must take the same steps. That means acknowledging their role as private sector service providers, and improving their performance in that role. It means abandoning check-off, and moving instead to new individual financial member relationships with employees. It means providing real administrative support for individual as well as collective bargaining. It means accepting that individualism is at the heart of modern trade unionism, not fundamentally opposed to it - the way back in for unions to their employer and employee markets. Rebalancing the blend of the individual and the collective is the crucial challenge for Britain's trade unions for the rest of the century. 'All for one and one for all' may no longer be enough to meet employee and employer demand in the new world of work.

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All for one: the future of the unions

.....

"All for one, one for all' is an old adage of trade unionism. But in the light of the decline of collective bargaining and trade union membership, do Britain's unions need to refocus themselves to deal with the new individualism-?"

Philip Bassett, Industrial Editor of The Times and Alan Cave, formerly of the TUC and the GMB, argue that trade unions are doomed if they continue to put the collective above the individual.

Using newly published data, the authors conclude that the age of collective bargaining is drawing to a close. Employers and employees are both moving towards individual contract negotiations. Trade unions should adapt themselves towards servicing this new and increasing demand.

The authors also point to the instrumental demand for trade union membership and argue that, in a changing market, unions should redefine their role towards the provision of services demanded by members and should learn from ever-expanding organisations such as the Automobile Association and B.U.P.A.

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